

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, D. C.

ORDER NO. 1022

IN THE MATTER OF:

Served February 24, 1970

School Fare Subsidy Certification       )  
to the Commissioner of the District       )  
of Columbia for Twelve Months Ended       )  
August 31, 1968 -- D. C. Transit        )  
System, Inc.                                )

Under Public Law 87-507, approved June 28, 1962, the Washington Metropolitan Area Transit Commission was charged with the duty of certifying to the Commissioner of the District of Columbia data pertaining to the income from mass transportation operations in the District of Columbia of any common carrier required to furnish transportation to schoolchildren at a reduced fare by Act of Congress of August 9, 1955.

D. C. Transit System, Inc., 1420 New York Avenue, N. W., Washington, D. C. 20005, furnished transportation which comes within the purview of Public Law 87-507.

The law specifies that the fiscal period shall be for the twelve months ended on August 31, and that the "net operating income" shall pertain to "mass transportation operations in the District of Columbia." Accordingly, this Commission has prepared an Operating Statement for D. C. Transit System, Inc., for the twelve months ended August 31, 1968, based on an audit by the Commission's accounting staff of the books and records of the company.

Under the provisions of Commission Order No. 773, served January 26, 1968, a "Special Escrow Fund" was ordered to be placed on the books of D. C. Transit, effective January 1, 1968, in the amount of \$141,674, to recoup for the ratepayer that portion of the fares authorized to cover depreciation expense on a bus purchase which never materialized. This sum represents depreciation on 100 new buses for the period June 1, 1967, through December 31, 1967. The adjustment of \$141,674 has been limited to the retained earnings account of D. C. Transit, and none of this has been passed on to the operating expenses for the period covered in this order.

Under the provisions of Commission Order No. 981, served October 17, 1969, the balance in the company's acquisition adjustment account on

January 1, 1964, was to be amortized over the period ending August 15, 1976, with each succeeding year's amortization credit to be calculated by reference to the size of each year's accruals of depreciation on property which was in service at the time the acquisition adjustment was generated, August 16, 1956. A recalculation based on this procedure was made for the period covered in this order, September 1, 1967, to August 31, 1968, and the amount that was originally placed on the books by D. C. Transit for acquisition adjustment, \$194,516.40, was adjusted to the amount of \$331,050.99.

After determining that D. C. Transit System's net operating income for the fiscal year ending August 31, 1968, amounted to \$1,147,003.29, allocation was made between "mass transportation operations in the District of Columbia" and all other operations of the company, using formulas based on revenue, miles and hours operated, and passengers carried.

As a result of these allocations, it was determined that D. C. Transit System's "mass transportation operations in the District of Columbia" for the fiscal year ending August 31, 1968, resulted in a net operating profit of \$1,043,587.74. It is to be noted that the procedures and allocations described above were utilized only in order to give effect to the specific circumscriptions of Public Law 87-507.

The audited Operating Statement of D. C. Transit System, Inc., for the twelve months ended August 31, 1968, and schedules showing development of the allocation factors, are appended to this order.

Certification to the Commissioner  
of the District of Columbia

Based on the findings set forth herein, the Washington Metropolitan Area Transit Commission hereby certifies to the Commissioner of the District of Columbia, with respect to D. C. Transit System, Inc., for the twelve months ended August 31, 1968, as follows:

- |   |              |
|---|--------------|
| 1. a. Total of all reduced fares paid to D. C. Transit System, Inc., by schoolchildren in accordance with Act of Congress (6,805,855 fares at 10 cents) | \$680,585.50 |
|---|--------------|

- b. Amount which would have been paid if such fares had been paid at the lowest adult fare established by the Commission for regular route transportation (3,321,195 fares at 24-1/2 cents, and 3,484,660 fares at 25 cents) \$1,684,857.78
    - c. Difference (3,321,195 fares at 14-1/2 cents, and 3,484,660 fares at 15 cents) \$1,004,272.28
  2. a. Gross operating revenues of D. C. Transit System, Inc., for the twelve months ended August 31, 1968, applicable to mass transportation operations in the District of Columbia, exclusive of any school fare subsidy \$28,787,261.11
  - b. Rate of return established by the regulatory commission having jurisdiction in carrier's last rate case prior to August 31, 1968 (WMATC Order No. 773, issued January 26, 1968) 5.34%
  - c. Indicated return allowable \$1,537,239.74
  - d. Net operating income from mass transportation operations in the District of Columbia for the twelve months ended August 31, 1968, after giving effect to tax exemptions, and exclusive of any school fare subsidy \$1,043,587.74
  - e. Deficiency \$493,652.00
3. Subsidy for which D. C. Transit System, Inc., is eligible:
 

Maximum (1.c.)	\$1,004,272.28
Limitation imposed by 2.e.	493,652.00
Certified herein	493,652.00

FOR THE COMMISSION:

*Melvin E. Lewis*

MELVIN E. LEWIS  
Executive Director